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15 May 1959

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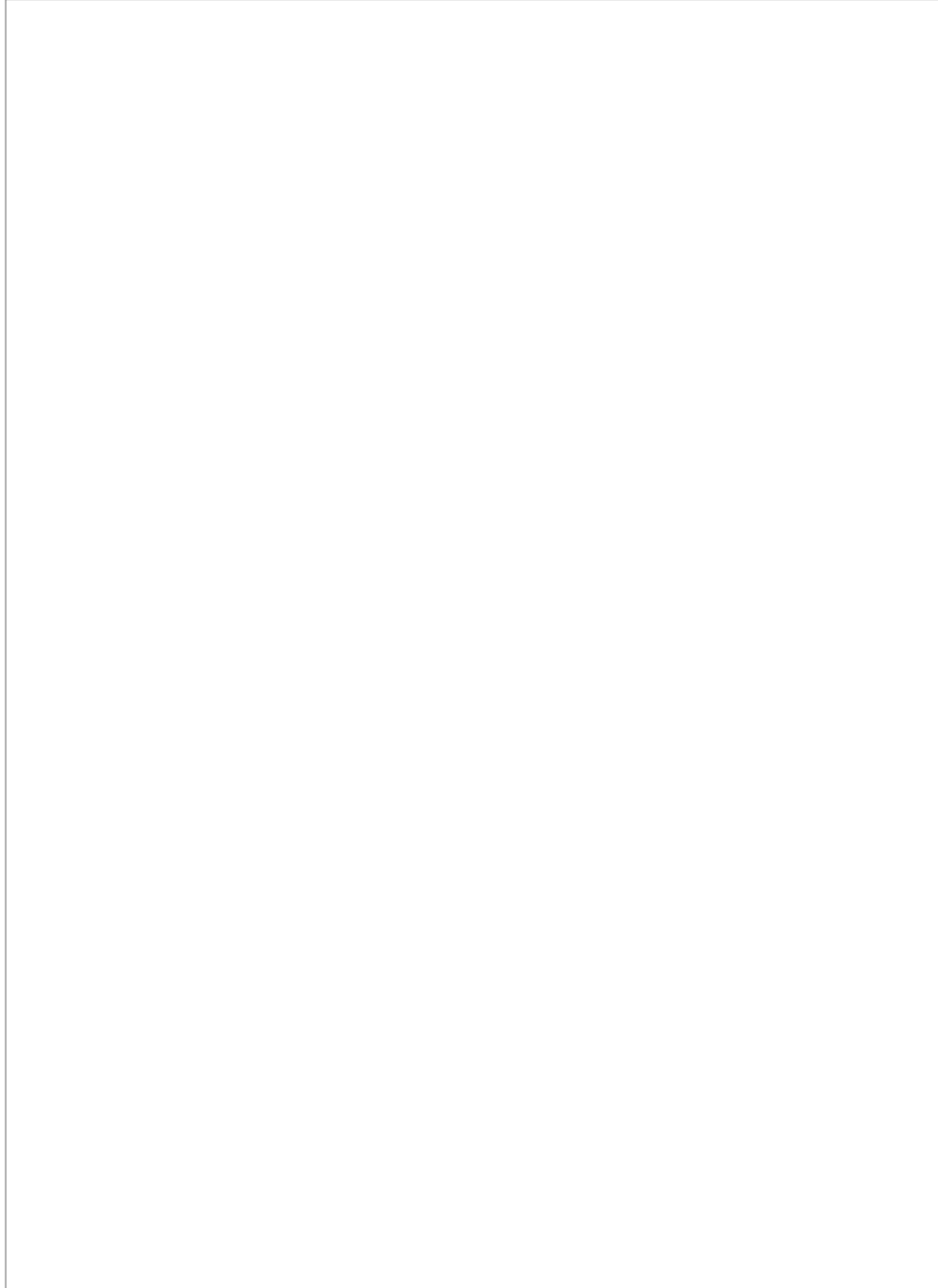
CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. *4*
NO CHANGE IN CLASS. *X*
(UNCLASSIFIED)
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: *2016*
AUTH: HR 70-2
DATE: *4.14.80* REVIEWER: *[Signature]*

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15 MAY 1959

I. THE COMMUNIST BLOC

Soviet bloc economic council meeting in Albania.

USSR, Czechoslovakia, and Hungary negotiating reciprocal airline rights with Iraq.

Soviet diplomat in Tehran indicates USSR still wants nonaggression pact, but initiative must come from Iran.

II. ASIA-AFRICA

Cairo seeks means to assure Qasim the UAR will support him if he moves against Communists.

Saudi Arabia - King persuaded to retain Faysal as prime minister.

Iranian Communist exile seeks Iraqi passport, planning to work for Shah's overthrow in countries bordering on Iran.

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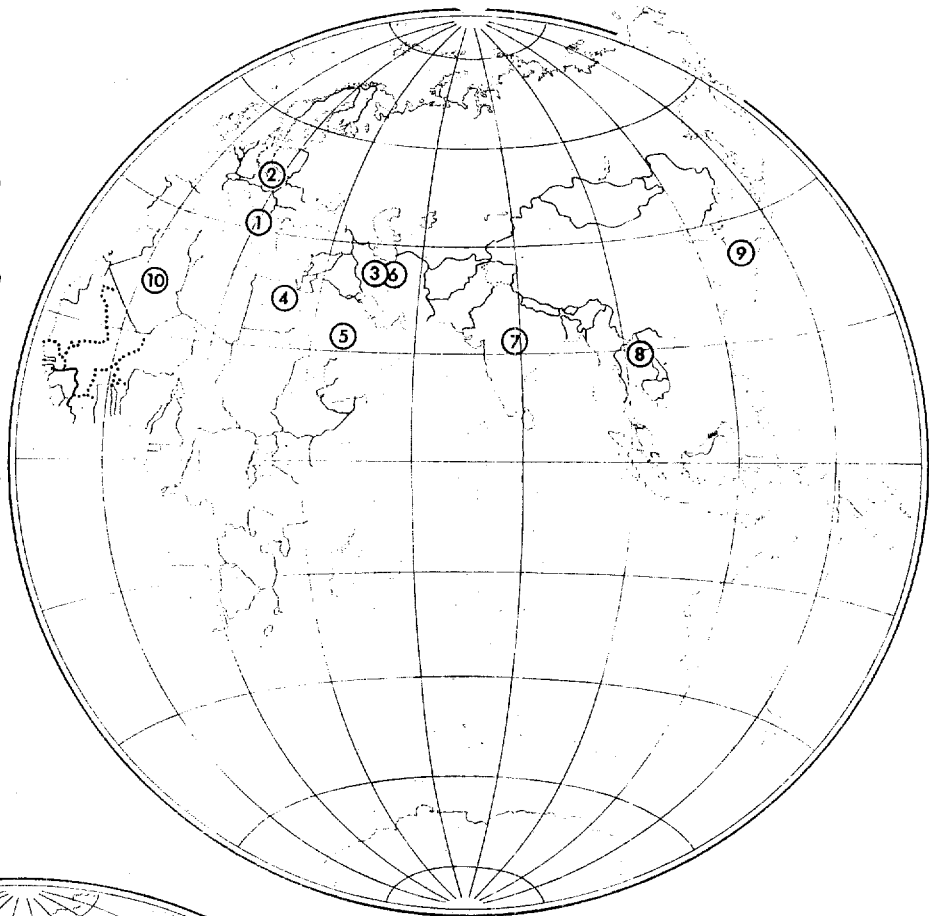
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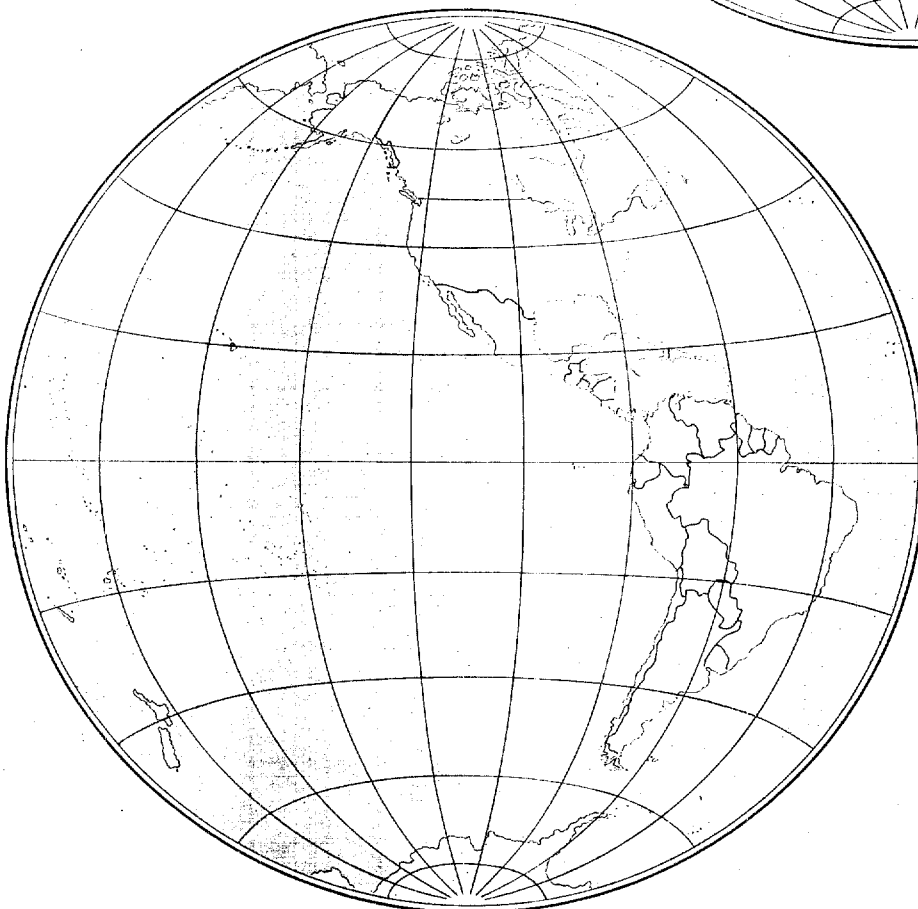


⑦ Indian economic delegation to Moscow will seek agreement on Soviet help for India's five-year plans.

⑧ Laos - Communist political leaders under house arrest to prevent communication with defiant Pathet Lao battalions.

⑨ South Korea continues harassment of Japanese fishing boats.

⑩ Algerian rebel spokesman hints at "spectacular" action to dramatize rebel determination.

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CENTRAL INTELLIGENCE BULLETIN

15 May 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

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USSR - East Europe: The eleventh plenum of the bloc Council for Mutual Economic Assistance (CEMA) opened in Tirana on 12 May. The USSR delegation is led by A. N. Kosygin, chairman of the Soviet State Planning Committee. [This session will be concerned with coordinating bloc economic plans of the member countries for the period 1961-65. Particular emphasis will be given production of coking coal, ferrous, and nonferrous metals, and the unification of electrical power systems. An "exchange of opinions" on a Bulgarian proposal to create a Sino-Soviet international bank also is on the agenda.]

OK

Bloc-Iraq: The Soviet bloc is apparently succeeding in its efforts to obtain civil air rights in Iraq. The USSR, Czechoslovakia, and Hungary have been negotiating for a route to Baghdad, presumably via Cairo. Iraqi Airways is reported to be preparing a new schedule which would include the USSR and East Europe as well as Asian and African countries now served. Moscow reportedly has offered to re-equip the Iraqi civil air fleet. (Page 1)

NO

USSR-Iran: [The Soviet chargé in Tehran has intimated that the USSR is still interested in concluding a Soviet-Iranian nonaggression pact, but wants Iran to take the initiative, according to an Iranian Foreign Ministry official. Prime Minister Eqbal on 9 May also indicated that Soviet officials were maneuvering to have Iran send a delegation to Moscow.] (Page 2)

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II. ASIA-AFRICA

UAR-Iraq: Cairo is seeking to assure Iraqi Prime Minister Qasim of its support should he move against the Communists. []

16 [] the UAR charge in Baghdad to let Qasim know that the UAR has no "personal enmity" toward him and to suggest as an "additional reassurance" that Qasim send a personal emissary to Cairo. The initiative in this development may have come from the Pakistani and possibly other pro-Western diplomats in Baghdad. There is as yet no indication of Qasim's reaction. [] (Page 3)

OK Saudi-Arabia: [A] group of Saudi princes has pressured King Saud into reversing his acceptance of Crown Prince Faysal's resignation, and Faysal has resumed his duties as prime minister. In yielding once again to the princes, Saud reportedly obtained assurances that agreement will be reached setting forth clearly the division of authority between himself and Faysal. [] (Page 4)

NO Iran: One of the founders of the Iranian Tudeh (Communist) party, Reza Rusta, still under death sentence in absentia for inciting revolution, [] travel in countries bordering Iran to work for the overthrow of the Shah of Iran, [] Rusta, described as a competent labor organizer, has spent many years in the USSR and was recently reported to be in Baghdad. His wife is reputed to be a Soviet agent. [] (Page 5)

OK India-USSR: The high-level Indian economic delegation which left New Delhi on 14 May for a two-week visit to Moscow will seek Soviet aid for India's Third Five-Year Plan (1961-66). The total foreign exchange cost of the dozen projects India wants to discuss is \$735,000,000. India now is drawing up the third plan, which is likely to have a foreign exchange gap of at least \$5 billion, and any offers of aid for particular projects would be of considerable assistance to Indian officials in formulating the plan. [] (Page 6)

15 May 59

DAILY BRIEF

ii

~~TOP SECRET~~

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110
Laos: [The house arrest of the leaders of the Communist Neo Lao Hak Zat party apparently is intended to cut communications between them and the two former dissident Communist battalions which have refused to be integrated with the Laotian Army. These incidents will be used by the Communist bloc to support the campaign for the return of the International Control Commission to Laos.]

140
South Korea - Japan: South Korea is continuing its efforts to seize Japanese fishing craft on the high seas. A coast guard ship on 13 May reported the capture of a Japanese fishing boat more than 120 miles off the Korean coast in the vicinity of the "Rhee line." Another ship reported the pursuit of ten Japanese boats in the same area.

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Algeria: [The provisional government of the hard-pressed Algerian rebels is attempting to induce the US to bring pressure to bear on France. A rebel spokesman at the UN has hinted that unless the West can soften the French attitude toward the provisional government, the rebels in desperation may take "spectacular military action" -- possibly even an attempted air attack on Metropolitan France--to dramatize their determination to continue the war.]

15 May 59

DAILY BRIEF

iii

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I. THE COMMUNIST BLOC

Bloc-Iraqi Civil Air Negotiations

The bloc drive to establish civil air links with Iraq apparently has met with success. Baghdad announced on 13 May that a new air schedule linking Iraq with a number of countries, particularly those of the Communist bloc, Asia, and Africa, will soon be put into operation.

The Iraqi Government paved the way for expanding civil air cooperation with bloc countries when, in late April, it "retired" the pro-Western director and deputy director of the Iraqi Airways. Major American commercial airlines, faced with continuing harassment of their operations and personnel, have ceased all but token services to Iraq.

Talks between Soviet Embassy officials and Iraqi officials over the establishment of an air route were held in Baghdad in March. The discussions may have included a preliminary Soviet offer to provide the Iraqi airline with modern Soviet civil aircraft. Furthermore, in March Iraqi officials reportedly were studying drafts of proposed civil air agreements which had been submitted by Czechoslovakia and Hungary. Bloc civil air traffic to Baghdad probably will be routed via Cairo, by extending the present bloc flight routes now terminating there.

Increased bloc political and economic activity in the Middle East since 1955 has included attempts to establish direct air connections with the Middle East capitals which lie on major air routes between Europe and Asia. The only routes established thus far connect Moscow and Prague with Cairo. The Soviet ambassador in Beirut again approached the Lebanese Government on 8 May on the question of a Soviet-Lebanese air agreement.

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USSR Maneuvering to Have Iran Send Delegation to Moscow

The Soviet chargé in Tehran has "clearly intimated" that the USSR is still interested in concluding a Soviet-Iranian non-aggression pact but wants Iran to take the initiative, according to the under secretary of the Iranian Foreign Ministry. Prime Minister Eqlbal on 9 May stated that the USSR was maneuvering to have Iran send a delegation to Moscow.

Soviet leaders probably believe that the pressure of their persistent propaganda attacks on the Shah's regime will force Tehran to resume formal talks. [REDACTED]

[REDACTED] Moscow has countered Iranian demands that propaganda attacks on the Shah and his regime cease by insisting that Tehran take "positive action" to make up for the "in-sult we have suffered." [REDACTED]

While Tehran might be willing to reopen negotiations if assured that Soviet propaganda, both overt and clandestine, would cease, it would not be willing to make any commitment that would alienate its Western allies. [REDACTED]

[REDACTED]

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II. ASIA-AFRICA

UAR May Offer Qasim Support Against Communists

Cairo [] to take steps to assure Qasim of UAR support in the event the Iraqi premier moves against the Communists. Cairo acted after its chargé in Baghdad reported that diplomats there felt Qasim would deal with the Communists at the "proper time" and that the UAR should reassure him on its attitude. [] to relay the UAR assurances, including the suggestion that Qasim send a personal emissary for consultation in Cairo.

It is doubtful that the UAR entertains real hope of a rapprochement with Qasim, who will be highly suspicious of the motivation behind the UAR approach and who has yet to take resolute action against the Iraqi Communists. If Qasim decided to move against the Communists, however, he might be interested in specific UAR guarantees to refrain from promoting internal subversion and from using fedayeen and Shammar tribesmen against the Iraqi Government.

For the past month the UAR has avoided personal criticism of Qasim and concentrated its attacks on the Communists, apparently with the aim of encouraging a split between the two. Indications of such a split, reflected by increased Communist demands for participation in government and for resumption of political party activity in Iraq, have received wide coverage by UAR propaganda organs.

[Nasir, in a talk with Ambassador Hare on 9 May, stated that he recently had seen a few "hopeful glimmerings" in Iraq. He claimed he had received "what amounted to a message" from Qasim through Algerian leader Ferhat Abbas, assuring him that Qasim wanted to get rid of the Communists but was being hampered by the UAR's propaganda campaign. Nasir called attention to the cessation of attacks on Qasim, and added that the UAR would also refrain from such activities as commando-type infiltrations from Syria.] []

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Saudi Princes Compel King Saud to Retain Crown Prince
Faysal as Premier

[King Saud has been compelled by a group of Saudi princes to reverse his acceptance of Crown Prince Faysal's resignation, [redacted] Faysal is said to have resumed his duties as chairman of the Council of Ministers on 12 May. The dispute between the King and the crown prince had been brewing for several months because of the King's persistent efforts to undermine his brother and because of the King's inability to comprehend the need for responsible management of Saudi Government affairs, particularly those concerned with finance. The specific cause of Faysal's resignation is reported to have been the King's arrest of a newspaper editor without resort to legal procedures.]

[Saud was forced to reject the resignation by the same group of senior princes which forced him to grant broad executive powers to Faysal in March 1958 as a result of his nearly disastrous foreign and fiscal policies. Most influential among these are the so-called "Sudayri princes"--sons of the late King Abd al-Aziz and women of the Sudayri family. In yielding to the princes, Saud reportedly obtained assurances that an agreement would be reached defining clearly the authority to be exercised by himself and Faysal. Until such agreement is reached, it is uncertain whether Faysal's authority has been enhanced, or whether the way is still open for intrigue by the King.] [redacted]

[redacted]

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Iranian Tudeh Party Organizer Seeks Base of Operations In Iraq

Reza Rusta, an exiled leader of the outlawed Iranian Tudeh (Communist) party, intends to use Iraq as a base of operations while he works to overthrow the Shah, [REDACTED]

[REDACTED] He plans to travel to other countries bordering Iran and to publish a newspaper, parts of which would be in Arabic, Kurdish, and Persian. He has asked Iraqi Kurdish leader Mulla Mustafa Barzani to intercede with Qasim in an effort to help him acquire Iraqi citizenship and an Iraqi passport.

Rusta, a founder of the Tudeh party and its leading trade union organizer, fled Iran about ten years ago. In May 1949 he was sentenced to death in absentia by the Tehran Military Court for inciting revolution. He claims to have organized a peasants' union as early as 1922 and was organizing Tehran workers in 1927. Rusta was in prison or exile from 1931 to 1941 on various charges including espionage. Since he fled Iran, he reportedly has appeared at Communist party congresses and labor meetings in Europe. Fifty-seven-year-old Rusta is described as dedicated, ruthless, and a confirmed Marxist. His wife is reputed to be a Soviet agent.

Other reports have been received of Tudeh members seen in Iraq, and the Iranian intelligence agency, Savak, has warned the Shah that the party is being "rejuvenated" by Soviet propaganda calling for the overthrow of the regime. [REDACTED]

[REDACTED]

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Indian Delegation Visiting Moscow to Discuss Additional Soviet Aid

The Indian delegation which left New Delhi on 14 May for a two-week visit to Moscow will seek Soviet aid for India's Third Five-Year Plan (1961-66). The delegation-- which includes the minister of steel, mines, and fuel and the minister of industry as well as high-level civil servants-- is also planning to discuss projects the USSR has already agreed to finance, such as pharmaceutical plants and a petroleum refinery. The total foreign exchange costs of these projects is \$735,000,000.

India now is drawing up its Third Five-Year Plan, which is likely to have a foreign-exchange gap of at least five billion dollars. Therefore, any specific offers of aid the delegation can obtain from Moscow would be of considerable assistance to Indian officials in formulating the third plan. The projects India wants to discuss include expansion of the Bhilai steel mill being constructed with Soviet aid, construction of a heavy electrical equipment plant, expansion of Soviet assistance for India's petroleum exploration program, and the establishment of a watch-making factory.

Soviet bloc aid provided to India to date totals about \$304,000,000--about 10 percent of free-world aid--and will increase by about \$80,000,000 if India accepts the pharmaceutical and refinery offers as it reportedly intends to do.
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